Motor Insurance

6226. SHRI L. RAMANA : Will the Minister of FINANCE be pleased to state :

(a) whether the motor insurance third party premium is being drastically increased; and

(b) if so, the details thereof alongwith the reasons therefor:

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) Motor tariff has two components covering the risks of 'Own Damage' (OD) and 'Third Party Liability' (TPL). Motor tariff was last revised in 1990. Since then the insurance industry has been sustaining enormous losses in the third party component of the motor portfolio. In 1995-96 the net underwriting loss was Rs. 1423 Crores. In 1996-97 the estimated loss is Rs. 1667 Crores. In order to save the insurance inudustry from the heavy losses being incurred by it, the Tariff Advisory Committee (TAC), after obtaining recommendations of a reputed research organisation viz. Operational Research Group (ORG), Ahmedabad, recommended revisiosn in the motor tariff rates as indicated in the attached statement. The Standing Committee on Finance, 1996-97, Lok Sabha, observed that "because of increased liability for payment of compensation on motor insurance in the light of higher incidence of accidents and the court awarding higher amount, immediately there is a case for revision of premium to cover the risk. This should be done regularly." No revision has been suggested in the OD rates. There has been a steep increase in the third party premium rates in respect of commercial vehicles. For them, the TAC has recommended implementation of the increase in three steps starting w.e.f: 1.4.1997 and for the rest in two steps. However, in deference to the wishes of the Government, the TAC decided keeping the rates in abeyance until they afford one more opportunity for transporters' associations to present their case in Bombay, Calcutta, Delhi and Madras separately. After hearing the transporters' associations once again, the TAC will announce the revised tariff structure for the motor portfolio.

Statement

Revised Motor TP Premium

Public Carrier, Private Carrier, (Class A)

And Passenger Carrying (Class C) Vehicles

Vehicle Type	Existing TP Premium	Revised TP Premium as on 1.4.97 (Rs.)	Revised TP Premium as on 1.4.98 (Rs.)	Revised TP Premium From 1.4.99 Onwards (Rs.)
1	2	3	4	5
Goods Carrying Vehicle (Public Carrier)				
GVW upto 2000 Kg.	805	2127	4772	6094
GVW above 2000 Kg.	1245	3290	7380	9425
Three-Wheeled Motorised Rickshaw/Pedal Cycle Rickshaw (For Carriage of Goods Only)				
GVW not exceeding 1200 Kg.	25% of the rate applicable to Goods Carrying Vehicles (Public Carrier) with GVW upto 2000 Kg.			
Goods Carrying Vehicles (Private Carrier)				
GVW upto 2000 Kg.	644	1930	4503	5790
GVW above 2000 Kg.	996	2986	6965	8954

1	2	3	4	5
Three-Wheeled Motorised Rickshaw/Pedal Cycle Rickshaw (For Carriage of Own Goods Only)				
GVW not exceeding 1200 Kg.	25% of the rate applicable to Goods Carrying Vehicles (Private Carrier) with GVW upto 2000 Kg.			
Motorised Rickshaws (Three Wheelers With Passenger Capacity Not Exceeding 6)				
Not excedding 50 cc				
T.P. Premium Rate	30	67	140	176
Passenger Liability				
Premium per Passenger	100	222	466	588
Not exceeding 75 cc				
T.P. premium Rate	30	67	140	176
Passenger Liability				
Premium per Passenger	100	222	466	588
Not exceeding 350 cc				
T.P. Premium Rate	40	89	186	233
Passenger Liability				
Premium per Passenger	100	222	466	588
Not exceeding 750 cc				
T.P. Premium Rate	60	133	280	353
Passenger Liability				
Premium per Passenger	100	222	466	588
Exceeding 750 cc				
T.P. Premium Rate	60	133	280	353
Passenger Liability				
Premium per Passenger	100	222	466	588
Three Wheeler Vehicles With Carrying Capacity Between 7 and 18 Passengers				
T.P. Premium Rate	300	666	1398	1764
Passenger Liability				
Premium per Passenger	100	222	466	588
Other Vehicles With Carrying Capacity Exceeding 6 Passengers				
T.P. Premium Rate	650	1443	3029	3822
Passenger Liability				
Premium per Passenger	110	244	513	647